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SUBJECT: SENEGAL-EU FISHING NEGOTIATIONS STALLED

DAKAR 00001703 001.2 OF 002

11. SUMMARY: Government of Senegal (GOS) and European Union (EU) representatives, after three rounds of negotiations, failed to agree on the new terms of the bilateral Senegal-EU fishing agreement. As a result, on June 30 at midnight, the Senegal-EU Fishing Agreement expired and the last of the French, Portuguese and Spanish fishing vessels that once plied Senegalese waters have now left. The vessels, however, remain nearby in international waters, hopeful that, as Senegal urgently needs the money, an agreement will be reached by the end of July. Senegalese-EU talks broke down when Dakar demanded a 60 percent reduction in European quotas, which currently only make up 2 percent of total Senegalese catches, while maintaining the 10.5 billion CFA francs (CFAF) (USD 21 million) in compensation stipulated in the standing agreement. The two parties also disagreed on the number of authorized Senegalese coast guards in EU fishing vessels. END SUMMARY.

12. According to EU colleagues and local press reports, Senegalese and EU negotiators have been unable to hammer out a new fishing deal after three rounds of negotiations that started in early April 2006. Senegal wants the most lucrative agreement possible while protecting its aquatic ecosystem. The current agreement (July 1, 2002 - June 30, 2006) - the seventeenth agreement since 1979 - provided for annual financial compensation of 10.5 billion CFAF to the GOS, an increase of 25 percent over the previous agreement (May 1997-April 2001). The 2002-2006 agreement also prohibited EU vessels from fishing for pelagic species.

13. In this round of negotiations, EU fishing officials have proposed 6 billion CFAF, while demanding an increase in the amount of catch and the number of vessels. In the earlier agreement, Senegal granted the EU rights to 23 trawlers with a quota of 8,000 gross register tons (GRT) per year, 66 tuna vessels including 55 canning vessels and 23 surface trawlers.

14. EU fishing officials want to reduce the quantity of tuna supplied to Senegalese tuna factories. While factories are only required to obtain 25 percent of their raw materials from Senegalese vessels, the remaining 75 percent must be supplied by foreign EU vessels.

¶5. In order to ensure that EU vessels comply with local regulations and to verify the size and species of their catches, foreign vessels are required to recruit, at their own expense, 50 percent of their crew from the Senegalese coast guard. In the current negotiations EU fishing officials are proposing a reduction in the number of Senegalese inspectors.

¶6. Senegalese fishermen's associations have denounced the agreement, citing their fears of permanent ecological damage from over fishing by the more sophisticated and efficient EU fleet. Locals also decry the alleged overexploitation of higher-value fish, increasingly difficult to find in markets. A study released by the Japanese Agency for International Cooperation (JICA) this month concluded that five out of Senegal's top seven fish species were in critical condition and required a prompt reduction in fishing in order to recover. However, local media recently reported that EU catches represent only 2 percent of annual volume. National associations also want more of the benefits of any EU agreement to flow to their sector to help upgrade and modernize their fleets. In the past, compensation from fishing agreements has gone directly to the government rather than the industry.

¶7. On July 6, Djibo Leity Ka, Senior Minister of Maritime Economy and International Maritime Transport, announced a new presidential initiative to revitalize the fishing sector, at an estimated cost of 46 billion CFAF (USD 92 million). He noted that the Government had already contributed 8 billion CFAF (USD 16 million) to the sector, and that 32 billion CFAF (USD 64 million) had been negotiated with the African Development Bank, but did not mention whether financing would come from proceeds from an agreement with the EU. The Government of Japan, which has already financed more than 10 projects in the fishing sector, has just donated 4.5 billion CFAF (USD 9 million)

DAKAR 00001703 002.2 OF 002

for a modern fishing center in Lompoul, which President Wade inaugurated on July 7.

¶8. Despite a drop in earnings in 2006, fish exports remain the country's leading export. The GOS estimates that the fishing sector employs more than 600,000 people, generates significant temporary employment in the informal sector, and contributes significantly to the Senegalese diet.

¶9. COMMENT: Because the GOS needs the EU funds a new agreement would bring to supplement its budget and upgrade the national fleet, we expect Senegal to push negotiations to closure when they resume in the near future. END COMMENT.

JACOBS